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LANSING

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## **Governor, Legislature Reach Budget Accord; Education Priorities Funded, \$200M in Savings**

**LANSING – Governor Jennifer M. Granholm, Senate Majority Leader Ken Sikkema (R-Wyoming), and House Speaker Rick Johnson (R-LeRoy) today announced that they have reached a budget agreement that protects education priorities and sets aside nearly \$200 million in the state's savings accounts.**

**The Governor, Senate Majority Leader and Speaker of the House said the budget agreement is fiscally responsible and that Michigan is one of just a handful of states across the nation to balance its budget without relying on tax increases or excessive borrowing.**

**"This is the most pro-education budget in the state's history," said Granholm. "This strong, pro-education agreement highlights our state's powerful commitment to educating our children and protecting our families," she added. "I'm particularly pleased that Republican leadership was able to identify a new funding stream that enables us to protect college scholarships without further cuts to health care."**

**"This agreement is a victory for working families across Michigan," Sikkema said. "I am glad lawmakers were able to work with the Governor to continue our long-standing commitment to making education Michigan's top priority. That we were able to maintain the Merit Award, fund Michigan's priorities, erase our fiscal deficit, and hold the line on taxes is truly an amazing feat of bipartisan cooperation."**

**"This compromise plan balances the state budget and marks a huge bipartisan success. It also is a win for school kids all across Michigan," Speaker Johnson said. "The Legislature and the Governor set out in this process to balance the budget and protect vital priorities for families. This agreement accomplishes those goals and renews our strong commitment to public education with important investments in one-to-one learning, a savings account for schools and the protection of the Michigan Merit Award. I commend all the members of the Legislature and the Governor for their hard work throughout this process."**

**(more)**

Under the budget agreement, the Governor and legislative leaders agreed to:

- restore pre-school and early childhood education funding to the Governor's budget recommendation of \$72.8 million;
- place approximately \$75 million in an education savings fund for the future;
- maintain funding for the state's job creation engine – Michigan Economic Development Corporation;
- add \$5 million for the Life Sciences Corridor bringing the Life Sciences total to \$25 million; and, \$10 million in a one-time grant targeted to keeping Pfizer pharmaceutical jobs in Michigan;
- maintain Merit Scholarship funding so that each student who qualifies based on MEAP scores will receive \$2,500;
- initiate funding for a Governor-Speaker technology partnership that will provide laptop computers to 6<sup>th</sup> grade students across Michigan. Additional federal funds were identified to support the program;
- fully fund the increases in FIA and Medicaid caseloads caused by the downturn in the economy;
- restore 17 new road projects that will spur more than 6,000 direct jobs while preserving "Fix It First" transportation priorities, so that existing roads continue to be repaired;
- provide \$50 million in new, mostly federal Medicaid dollars as bridge financing to the Detroit Medical Center under certain conditions that are currently the subject of ongoing negotiations.

Among the additional funds identified by the Governor, Senate Majority Leader and Speaker of the House are audits of the homestead property exemption and personal property tax exemption. Additionally, the Governor and legislative leaders agreed to approve legislation that would increase fines for drivers who repeatedly violate state laws.

"This budget confirms that education is our state's top priority," Granholm said. "The work we do today in Lansing ensures that our children will receive a quality education from age zero through college, and that guarantees that Michigan remains an economic powerhouse for generations to come."

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